



## The Pensioner: *Looking Forward*

Welcome to the digital MPERS newsletter! *The Pensioner: Looking Forward* contains news, updates, and important information for active employees of the Missouri Department of Transportation, the Missouri State Highway Patrol, and MPERS.

### Legislative Update



There were several bills introduced this session that would have impacted MPERS directly.

House Bill 701 is the MOSERS' and MPERS' cleanup bill. This bill, if enacted, would correct errors and references, as well as clarify confusing statutory language.

Senate Bill 238 (as well as companion bills HB 1418 and SB 618), if enacted, would change MPERS' board makeup. The proposed bill reduced the number of highway commissioners on the board from three to one and would have added a Governor-appointed trustee with institutional investment experience.

Neither of the bills passed.

### Investment Update



The investment portfolio continues to perform well as the distribution of COVID-19 vaccines becomes more widespread.

The portfolio is up 25% in Fiscal Year 2021 (July 1st – May 13th). The equity portfolio, which underperformed policy benchmarks during the COVID-19 pandemic and most of calendar year 2020, is now up 42% for the fiscal year versus the index which is up roughly 33%.

The fund value broke through the \$2.9 billion mark as of April 30th and the investment staff is eagerly awaiting the \$3.0 billion milestone for the System. The biggest concern that staff is monitoring is the emergence of inflation, as both labor and raw material prices are surging, which is a headwind for future earnings growth. The inflation risk is likely more of an intermediate-term risk, so with only six weeks remaining in Fiscal Year 2021, it continues to look like a very good year for the investment portfolio.



I WISH I WOULD'VE KNOWN....

# NUGGETS OF WISDOM FROM CURRENT RETIREES

"My advice for a future retiree is this:

**Put money into Deferred Comp as soon as you're vested and be consistent.**  
Make a habit of increasing your contributions with EACH pay raise or promotion.

**Attend a retirement seminar after you are vested, then attend one every ten years thereafter.** The closer you are to retirement, attend at least two.

The retirement process is complicated and each person's wants and needs is unique and has many moving parts."

—B.B. 32+ years of service

"Start saving and retirement planning in your 20's. And stick to your plan!"

—T.B. 29+ years of service

## MPERS' Matters

### Investments

In the March edition of *The Pensioner: Looking Forward*, the oversight formula was introduced:

$$C + I = B + E$$

**C = Contributions**

**I = Investments**

**B = Benefits**

**E = Expenses**

In the May edition of *The Pensioner: Looking Forward*, we looked at the second part of the contribution component of the oversight formula. Over the next few months, we will be exploring the "I" component of the formula: Investments.

In combination with employer contributions and 2011 Tier employee contributions, investment returns fund the System and the promised member benefits. Contributions and investments are highly dependent upon each other. If investment income increases, employer contributions may decrease. Likewise, if investment income decreases, employer contributions may increase.

The MPERS' Board of Trustees has very broad authority to invest under state statutes. As you might expect, the law requires the Board to fulfill its duty to invest System assets as a prudent person would invest. In other words, the Board makes investments for the purpose of providing benefits to System beneficiaries and expects to pay reasonable expenses of investing, will diversity the assets, and must maintain sufficient liquidity to pay benefits.

The MPERS' Board is a lay board, which means that the 11 members are not experts in the pension industry, nor are they experts in the investment field. The trustees are required to complete a certain amount of education each year, but as responsible fiduciaries, they must rely on professionals when it comes to making important investment decisions. MPERS has a staff of four investment professionals as well as contracts with independent consultants that help advise the Board regarding investment decisions. This guidance has become increasingly important as the investment portfolio has become more sophisticated and complex. Today, MPERS' asset allocation and those portfolios of other larger public pension plans are a combination of stocks, bonds, real estate, commodities, and other alternative assets that are rarely utilized by individuals.

In the upcoming editions of *The Pensioner: Looking Forward*, we will be looking at various aspects of the

Discover more about MPERS' Investments!

Catch up on previous editions of MPERS' Matters!

Join us next month for Investments Part Two: Asset Allocation!



## Check Out This Month's Benefit Bite!

### The Retirement Process

You've reached retirement eligibility, now what? If you decide to go ahead and retire, where do you start? What is the retirement process?

Check out the the video below to learn more about "Retirement in a Nutshell."



## Upcoming Events

- 10 - Pre-Retirement webinar for Closed Plan and Year 2000 Plan members. [Register here.](#)
- 17 - Board meeting
- 22 - Mid-Career Checkup webinar for 2011 Tier members. [Register here.](#)
- 30 - Deadline to submit step 1 -*Notice of Retirement* for August 1 retirement.



We value your feedback!  
What would you like to see in ***The Pensioner: Looking Forward?***  
Send comments and suggestions to [Julie.West@mpers.org](mailto:Julie.West@mpers.org).